



To : Business Editor

FOR IMMEDIATE RELEASE

Parkson Announces Annual Results 2006

Strong Performance Fuels Future Expansion Plans
 ~ 5 Stores to Open in 2007 ~

Financial Highlights

For the year ended 31 December,

	2006 (RMB'000)	2005 (RMB'000) Reported	% change
Total gross sales proceeds	6,168,718	3,307,969	+86.5%
Total operating revenues	2,184,034	1,214,658	+79.8%
Profit from operations	707,913	397,193	+78.2%
Net profit for the period	513,154	274,324	+87.1%
Net profit attributable to the Group	460,761	248,012	+85.8%
Basic earnings per share	RMB0.83	RMB0.55	+50.9%
Final dividend per share	RMB0.27	RMB0.26	+3.8%
Full year dividend per share	RMB0.42	RMB0.26	+61.5%

(27 February 2007 – HONG KONG) **Parkson Retail Group Limited** and its subsidiaries, jointly-controlled entities and an associate (“Parkson” or the “Group”, stock code: 3368) announced its audited consolidated annual results for the year ended 31 December 2006.

Parkson achieved a growth in both total gross sales proceeds and total operating revenues. Total gross sales proceeds rose 86.5% to RMB6,168.7 million over the same period of last year. In line with the growth of total gross sales proceeds, total operating revenues also grew by 79.8% to RMB2,184.0 million. Net profit attributable to the Group was approximately RMB460.8 million, an increase of 85.8%. Basic earnings per share was RMB0.83.

~ to be continued ~

The board of directors recommended payment of a final dividend for the year ended 31 December 2006 of RMB0.27 (2005: RMB0.26) in cash per share. Together with the interim dividend of RMB0.15 per share, the full year dividend amounts to RMB0.42 in cash per share, representing approximately 50% of the year's net profit attributable to the Group.

Commenting on the full year results, Mr. Alfred Cheng Yoong Choong, Managing Director of Parkson said, "We achieved a solid growth in the year of 2006 in line with the strong PRC economy growth and booming domestic consumption market. Our Same Store Sales recorded an impressive double-digit growth of approximately 17.1% through the introduction of attractive promotional activities, continuously varying the merchandise mix and upgrading the brand mix. The net profit increased 87.1% to RMB513.2 million and the net profit margin improved to 23.5%."

Business Review

During the period under review, the Group has made a great progress in consolidating its position as one of the leading department store operators in the PRC by i) acquiring the minority interest of six Parkson branded department stores through the acquisition of the remaining 44% equity interest in Beijing Parkson in July 2006; ii) acquiring 100% ownership of the two managed stores in Kunming in November 2006; and iii) signing five new lease arrangements to add a total of approximately 120,000 square meters of retailing space to its existing portfolio.

Presently, the Group operates 25 self-owned department stores, 11 managed stores and 2 "Xtra" branded supercentres.

In addition, the Group executed the Structure Financing by combining the issuance of a High Yield Notes with the subscription of a Credit Link Note and obtaining Commercial Loans of RMB1.5 billion to fund its future expansion plans.

Prospects

Amid the continuous efforts from the PRC government to rebalance the economy growth towards domestic consumption, the strengthening of Renminbi and the accelerated growth of the disposable income, the retail industry is poised to be the main beneficiary of the future strong economy performance. Parkson, with its strong brand equity is set to continue to capitalize on the strong demand for high quality branded fashion and lifestyle products among the increasingly affluent consumers in the PRC.

“We have 38 stores in our existing portfolio and will roll out a minimum of five new stores in the year 2007. Meanwhile, we will continue to sign new lease agreements in preparation for the new stores opening in the coming years.” Mr. Cheng said.

Mr. Cheng concluded, “We will keep pursuing the acquisition on the minority interest of the existing stores and the controlling interest of the managed stores. We will also actively explore the opportunities to make acquisition that meet our strategic initiatives and return on capital requirements.”

- End -

Corporate Information

Parkson is one of the leading department store chains in China, focusing on four categories of merchandise: Fashion & Apparel; Cosmetics & Accessories; Household & Electrical; and Groceries & Perishables, targeting the middle to upper middle-income consumers. The Group is the China stem of the Lion Group’s retail business which was established in Malaysia in 1987. Parkson was introduced to China retail market in 1994 thus making it one of the foreign pioneers in China department store industry.

*Issued by Occasions Corporate & Financial Communications Limited for and on behalf of
Parkson Retail Group Limited For further information, please contact:*

Parkson Retail Group Limited
c/o Occasions Corporate & Financial Communications Limited
Tel: (852) 2801 5333 Fax: (852) 2801 5323

Ms Peony Sze / Ms Karen Lee
Occasions Corporate & Financial Communications Limited
Tel: (852) 2185 7009 / 7010 Fax: (852) 2801 5323
E-mail: peony.sze@occasions.com.hk / karen.lee@occasions.com.hk